

ADOPTION TAX CREDIT



Are you adopting a child? You could get a bigger tax credit. The Affordable Care Act raised the maximum amount of the adoption tax credit to \$13,170 per child. And it's refundable, so you could get it even if you don't owe tax.

Here's what you should know.

Credit at a glance

The credit is based on your qualifying expenses like adoption fees, court costs, attorney's fees and travel expenses. This bigger credit is only for tax years 2010 and 2011.

Exclude from your income the qualifying expenses reimbursed by your employer, up to \$13,170. Any amounts you are reimbursed are subtracted from your total adoption expenses when figuring the credit.

The credit starts to decrease at incomes of \$182,520. Other special rules apply to foreign and special needs adoptions, and adoptions that are not final.

Keep all adoption-related documents

You should keep all your receipts for qualifying expenses. Examples of other documents include a domestic or foreign adoption decree, a placement agreement from an authorized agency, and state determination of special needs for adoption of a special needs child.

Claiming the credit

Complete Form 8839, *Qualified Adoption Expenses*, attach it and the required documentation to your tax return, and mail it to the IRS location for your state.

**Find out more about the credit and
how to claim it at www.IRS.gov.**

